

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

BAC4654 – E-AUDITING

(All Sections / Groups)

5th June 2018
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 2 pages excluding cover page with 4 Questions only.
2. Answer all **FOUR** questions. Mark distribution for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

The use of information technology (IT) is becoming more crucial as the operations of modern companies are increasingly computerised.

- a) There are three types of information systems auditing. You are required to explain what it means by auditing with the computer. (4 marks)
- b) Explain **FOUR** (4) benefits of auditing with the computer. (12 marks)
- c) Despite the fact that the use of technology would improve the efficiency and effectiveness of auditing in modern business, technology could still pose a challenge for audit team. Discuss **THREE** (3) problems that auditors may possibly be facing when they perform audit with the computer. (9 marks)

(Total: 25 marks)

QUESTION 2

- a) Generalised Audit Software (GAS) is a computer program designed to perform certain automated functions. Discuss if you think **ALL** companies are suitable to be audited using GAS. (10 marks)
- b) When planning an audit, the information systems (IS) auditor should be considering many factors in deciding whether they should be using GAS. Explain any **THREE** (3) of these factors in making this decision. (10 marks)
- c) Describe **TWO** (2) situations where Computer Assisted Audit Techniques (CAATs) are not appropriate to be used in audit work. (5 marks)

(Total: 25 marks)

QUESTION 3

- a) In carrying out audit work, auditors need to take samples of evidence. Nevertheless, there are risks when auditors only take samples. Since sampling has many risks that could jeopardize the audit decisions, discuss whether you agree that auditors should have examined **ALL** evidence. (10 marks)

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b) There are a few instances when auditors are not required to do sampling. Give any **TWO (2)** examples of these exceptional situations. (5 marks)

c) 'Documentation' or 'working papers' are the materials prepared and retained by the auditors in the course of performing audit. It could be in the form of data being stored in paper or electronic. Explain what are the **TWO (2)** primary importance of audit documentation and the secondary importance of this practice. (5 marks)

d) There are two types of files being kept during all audit work. They are the Permanent Audit Files (PAF) and Current Audit Files (CAF). You are required to distinguish between these two types of files. (5 marks)

(Total: 25 marks)

QUESTION 4

a) In the e-commerce environment, there may not be any paper records for the transactions. Furthermore, the electronic records may be more easily destroyed or altered as compared to paper records, without leaving any evidence of the destruction or any of the alterations. Describe the measures that auditors should be undertaking when they have to audit businesses that are heavily involved with e-commerce transactions. (10 marks)

b) Being an auditor, you need to be able to understand the issues, risks and challenges on how businesses operate. In order to be able to understand them, auditors need to collect various forms of evidence and carry out different types of audit procedures.

You are required to describe the relevant audit procedures when they audit the following businesses, for the purpose of physical examination evidence and observation evidence :

- i. A business that sells personalised t-shirts but the order and payment are done online.
- ii. A company that produce business cards but the order and payment are done at the business premise.

(10 marks)

c) Distinguish between general control and application control. Give **ONE (1)** example for each control in auditing a business that performs transactions electronically. (5 marks)

(Total 25 marks)

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